

27 October 2020

Australian Securities Exchange
20 Bridge Street,
Sydney NSW 2000

Q1 FY2021 Business Update

Strong first quarter of sales, investment in growth continues

Melbourne, Australia – Alcidion Group Limited (ASX: ALC) today released its Appendix 4C for the three-month period ended 30 September 2020 (Q1 FY2021) and the below business update.

Highlights:

- Strong start to FY2021, with \$4.8M new contracted revenue sold in Q1 – up 30% on previous quarter and up 92% on Q1 last year;
- Total contracted revenue to be recognised in FY2021 stands at \$14.7M at end Q1, up 14% on Q1 last year;
- Cash receipts from customers were \$6.4M in Q1, a 34% increase on Q1 FY20;
- Net cash outflow of \$1.2M, reflecting ongoing investment in growing the business with cash reserves of \$14.7M at end Q1;
- Significant contracts signed or announced since 1 July 2020:
 - Sydney LHD – 12-month contract for Miya Precision to support COVID-19 virtual care
 - Murrumbidgee LHD – 12-month contract for Miya Precision platform including Miya Memory
 - NHS Lanarkshire – 5-year agreement to implement Patienttrack across board
 - ACT Health – 2-year extension to long term integration support contract and further project work
 - Queensland Health – additional work on the Referral Services Directory(RSD) platform
 - Lancashire Teaching NHS Trust – 5-year Smartpage contract
 - Panel contract with Vic DHHS for implementation and support of the Victorian Hospital Incident Management System

Alcidion Managing Director Kate Quirke said, “I am pleased with the strong start we have made to the new financial year. It has been an important sales quarter in Australia, where we signed initial contracts with significant potential for future expansion. In the UK, our expanded presence within NHS Scotland and appointment to the Clinical Communications Procurement Framework for Smartpage are already demonstrating value, as evidenced by the NHS Lanarkshire rollout and the Lancashire Teaching Trust contracts. These are important steps forward as we accelerate growth in this market.

“Furthermore, our rebranded Miya Precision product offering and UK marketing activities undertaken in Q1 bode well for us in FY2021, enabling our products to better align with how our customers are implementing digital health solutions.

“While COVID-19 continues to challenge healthcare providers, particularly as the UK experiences a new wave of cases, the operating environment has stabilised overall, as healthcare providers now have protocols in place to manage cases and are returning focus to digital health initiatives placed temporarily on hold. Through this, Alcidion has delivered strong sales growth, with new contracts added this quarter representing a 30% increase on the previous quarter, and almost doubling sales

performance from the previous corresponding period. This reflects the growing recognition that Alcidion products provide critical support to clinicians and patients across our markets as well as demonstrating early returns from our recent investments in growing our sales capability.

“We continue to scale up our sales, product implementation and marketing capabilities to accelerate growth in all markets, as healthcare undergoes unprecedented digital transformation. Investment in these areas will remain our focus throughout the financial year to support further growth and firmly establish Alcidion as a leading provider of digital healthcare solutions in this rapidly growing market.”

Reclassification of recurring and non-recurring revenue

The Company advises that, commencing Q1 FY2021, it has adjusted the classification of recurring revenue to include all product licence fees. Previously, while annual licence fees and subscription fees were classified as recurring revenue, upfront fixed-term licence fees, which comprised a smaller portion of product revenue, were classified as non-recurring revenue.

As churn in all product customers is negligible and customers paying upfront for initial fixed-term licences nearly always continue licensing the product on completion of the fixed term, the Company has reclassified fixed-term licence revenue as recurring. This is consistent with how recurring revenue has been explained in the FY20 full year investor presentation.

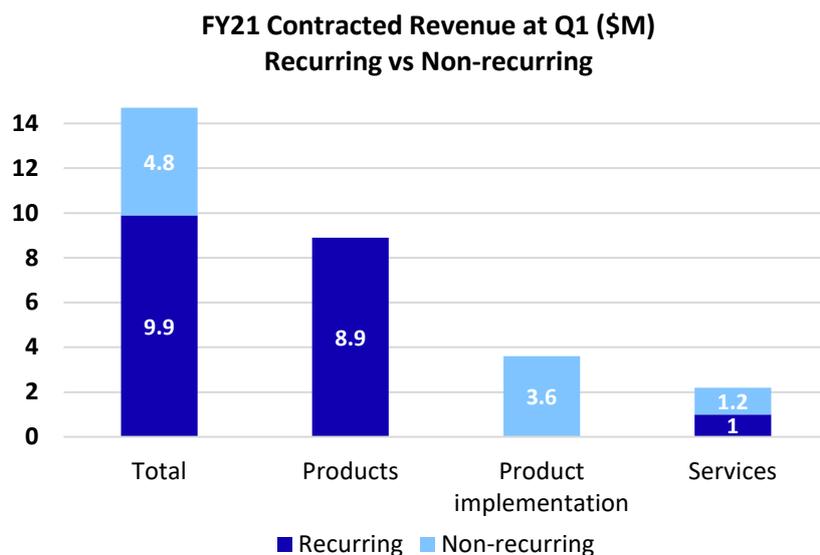
The change in classification resulted in newly contracted recurring revenue in Q1 being \$269k (3%) greater than would otherwise have been previously reported.

Business update

During the first quarter, Alcidion signed new contracts and renewals with a total value of \$4.8M, a 30% increase over the prior quarter and 92% higher than Q1 in FY2020. Of this new revenue, \$2.1M will be recognised in FY2021.

At the end of Q1, total contracted revenue able to be recognised in FY2021 was \$14.7M, a 14% increase versus FY2020 contracted revenue at Q1. Of this, \$9.9M is recurring and \$4.8M is non-recurring revenue.

The revenue split between products, implementation and services is as follows:



For FY2021 and the next five years to FY2026, total contracted revenue is \$32.8M, with \$27.7M recurring and \$5.1M non-recurring revenue.

As described in the July 2020 business update, the following significant contracts were signed in early Q1 and announced to the market in July:

- Sydney LHD – \$0.56M 12-month contract for Miya Precision to support COVID-19 virtual care
- Murrumbidgee LHD – two initial 12-month contracts for the continued use of Miya Precision and Miya Memory at Wagga Wagga Base Hospital, as well as for COVID-19 monitoring in and out of hospital with combined value of \$0.7M.
- NHS Lanarkshire – \$1.52M 5-year agreement to implement Patienttrack across board
- ACT Health – \$1.32M 2-year extension to long term integration support contract

Other new contracts signed in Q1, but not separately announced, included:

- ACT Health – \$0.42M of further project work
- An NZ DHB – \$0.14M extension to a Patienttrack support contract.
- Queensland Health – \$0.30M additional work on the RSD platform
- Lancashire Teaching NHS Trust – \$0.24M 5-year Smartpage contract

Alcidion was appointed as a supplier to the NHSX's £3M Clinical Communications Procurement Framework, a new procurement vehicle established to support NHS Trusts phase out pagers by the end of 2021. The NHSX is a joint unit bringing together teams from the Department of Health and Social Care and NHS England and NHS Improvement to drive the digital transformation of care. The appointment allows NHS Trusts to quickly and easily procure Alcidion's Smartpage solution without the need for tendering. Smartpage has had continued success over the last few months, with a new sale to Lancashire Teaching in the UK, and positive clinical communications outcomes achieved with ACT Health, Nelson Marlborough District Health Board, Counties Manukau District Health Board and Townsville Hospital and Health Service.

In addition, Alcidion signed a contract with Victorian DHHS as one of two suppliers able to provide implementation and support services to deploy the Victorian Health Incident Management System (VHIMS) across the state. The VHIMS has been developed to improve the quality and consistency of incident data reported by health services, and all health services must comply with the minimum data set by July 2021. Alcidion and one other provider have been appointed to the panel to work with the potential 86 Victorian public health services that have elected to implement a local instance of the system. Health services can select the services that require from a catalogue that covers implementation, onboarding, support, hosting and development service options.

In Q1, Alcidion repositioned its product suite to better align with how customers are implementing their digital health strategy. This results in more product capabilities falling under the flagship Miya Precision banner, which now consists of sixteen individual modules that can be purchased according to the customer's needs.

Cash flow highlights

Cash receipts from customers were \$6.4M in Q1, a 34% increase on Q1 FY20.

Overall, Alcidion's net cash outflow during the quarter was \$1.2M. This was in-line with the Company's expectations, with contributing factors including ongoing planned investment in scaling the business, higher than normal payments to suppliers of resold products and services, and payments of annual performance bonuses to executives and staff.

At 30 September, Alcidion's cash reserve was \$14.7M.

Investor webcast

Alcidion Managing Director Kate Quirke will host a webcast with investors via Zoom [this morning at 11:00am](#) Australian Eastern Daylight Time (AEDT).



Investors are invited to register for the webcast at the following link:

https://us02web.zoom.us/webinar/register/WN_TDglyN5-Tym3jXuZFOfBaQ

Registered participants will receive a confirmation email containing the Zoom access link and alternative phone dial-in details.

ENDS

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About Alcidion

Alcidion (ASX:ALC) has a simple purpose: to transform healthcare with smart, intuitive technology solutions that meet the needs of hospital and allied healthcare, worldwide. It offers a complementary set of software products and services that create a unique offering in the global healthcare market; solutions that support interoperability, allow communication and task management, and deliver clinical decision support at the point of care to improve patient outcomes. In 2017 Alcidion acquired Oncall System and its Smartpage clinical communication system. In 2018 it acquired the Patientrack bedside patient monitoring software and MKM Health, an IT solutions and services provider. These offerings now operate under the Alcidion brand. With over 25 years of combined healthcare experience, Alcidion brings together the very best in technology and market knowledge to deliver solutions that make healthcare better for everyone.

www.alcidion.com

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This announcement is authorised for release by the Board of Directors of Alcidion Group Limited.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

ALCIDION GROUP LIMITED

ABN

77 143 142 410

Quarter ended ("current quarter")

30 September 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	6,426	6,426
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(1,066)	(1,066)
(c) advertising and marketing	(224)	(224)
(d) leased assets	(27)	(27)
(e) staff costs	(4,498)	(4,498)
(f) administration and corporate costs	(1,093)	(1,093)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other – GST received/(paid)	(649)	(649)
1.9 Net cash from / (used in) operating activities	(1,129)	(1,129)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(92)	(92)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(92)	(92)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	15,949	15,949
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,129)	(1,129)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(92)	(92)

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	5	5
4.6	Cash and cash equivalents at end of period	14,733	14,733

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	14,646	15,860
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	87	89
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	14,733	15,949

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(259)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	155	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	155	-
7.5 Unused financing facilities available at quarter end		155
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
Credit standby arrangements: <ul style="list-style-type: none"> - Corporate MasterCard credit cards of \$10,000 provided by CBA at 14.55% secured over assets. - Corporate Amex credit cards of \$145,000 provided by American Express, interest rate 15% 		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,129)
8.2 Cash and cash equivalents at quarter end (item 4.6)	14,733
8.3 Unused finance facilities available at quarter end (item 7.5)	155
8.4 Total available funding (item 8.2 + item 8.3)	14,888
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	13
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 27 October 2020

Authorised by: The Board of Directors

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.